

Message Text

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SUBJECT: YUGOSLAV DRUG TRADEMARK LAW: MEETING AT HEALTH
COMMITTEE

REF: A) BELGRADE 6749, B) STATE 223830

1. REQUESTED MEETING AT FEDERAL COMMITTEE FOR LABOR, HEALTH AND SOCIAL PROTECTION FINALLY OBTAINED SEPT 25. AT THIS MEETING, E/C COUNSELOR PRESENTED TO DR. VENCESLAV PAVLOV, HEAD OF MEDICINES SECTION, POINTS IN PARAS 2-5 OF REF B AND REITERATED OUR STRONG INTEREST AND CONCERN OVER DRUG TRADEMARK ISSUE. PAVLOV INDICATED THAT ALTHOUGH LAW IN UNDER STUDY IN FEDERAL ASSEMBLY AND SOME FLXIBILITY IN ITS INTERPRETATION CAN BE EXPECTED, THERE IS NO ACTIVE CONSIDERATION BEING GIVEN TO DELETING SECTION 27(5).

2. AS BACKGROUND, PAVLOV TOOK PAINS TO EXPLAIN AT SOME LENGTH THAT PURPOSE OF LAW IS TO ENCOURAGE GREATER PARTICIPATION OF TUGOSLAV DRUG FIRMS IN PRODUCTION OF CHEMICALS AND MEDICINES. HE CLAIMED THAT PRESENT SYSTEM WHEREBY YUGOSLAV DRUG FIRMS MERELY "MIX AND LABEL" MEDICAMENTS IS NOT BENEFICIAL TO THE LONG-TERM GOALS OF YUGOSLAVIA'S PHARMACEUTICAL INDUSTRY SINCE IT DOES NOT ENCOURAGE THE RESEARCH AND CHEMICAL PRODUCTION COMPONENTS OF THE INDUSTRY. PAVLOV REPEATEDLY STRESSED THE DESIRABILITY OF DEVELOPING PRODUCTION CAPACITY RATHER THAN
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SIMPLY MAINTAINING COMMERCIAL ARRANGEMENTS IN ORDER TO IMPROVE MEDICAL SERVICES IN YUGOSLAVIA. HE CATEGORIZED THE "TRADEMARK ISSUE" AS AN ECONOMIC CONCERN, AS DISTRINCT FROM MEDICAL, AND INSISTED THE LAW IS EQUALLY APPLIED TO DOMESTIC AS WELL AS FOREIGN FIRMS. PAVLOV CONFIRMED THAT STRAIGHT SALES OF DRUGS REQUIRING NO ADDITIONAL PACKAGING OR PROCESSING ARE UNAFFECTED BY THE PROVISIONS OF 27(5) AS THEY DO NOT INVOLVE THE YUGOSLAV

DRUG INDUSTRY.

3. NOTING THAT AT THIS POINT HIS VIEWS WERE ONLY PRELIMINARY AND STRICTLY PERSONAL, PAVLOV STATED THAT THE PURPOSE OF REVIEWING THE LAW IN THE ASSEMBLY WAS TO ENCOURAGE COOPERATION WITH FOREIGN PHARMACEUTICAL FIRMS. HE OUTLINED THE FOLLOWING THREE AREAS OF COOPERATION UNDER WHICH A FOREIGN COMPANY'S TRADEMARK WOULD NOT NECESSARILY HAVE TO BE ASSIGNED TO A YUGOSLAV FIRM, THUS ENABLING BOTH THE SPIRIT OF THE LAW AND THE PROPERTY INTERESTS OF THE FOREIGN MANUFACTURER TO BE MAINTAINED:

A. JOINT VENTURES IN WHICH THERE IS SHARED CAPITAL AND RESEARCH CAPABILITY;

B. A LICENSE AGREEMENT IN WHICH THERE IS A TRANSFER OF TECHNOLOGY RATHER THAN JUST THE MIXING OF IMPORTED RAW MATERIALS; AND

C. AN AGREEMENT WHEREBY THE FOREIGN FIRM MAKES USE OF EXCESS PRODUCTION CAPACITY OF A YUGOSLAV FIRM FOR SALES OUTSIDE YUGOSLAVIA.

ALTHOUGH PAVLOV WAS OPTIMISTIC THAT AN INTERPRETATION OF THE LAW FAVORABLE TO THE COOPERATION POSSIBILITIES LISTED ABOVE WILL EMERGE. HE DECLINED TO PREDICT WHEN THE ASSEMBLY'S REVIEW LIMITED OFFICIAL USE

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WOULD BE COMPLETED. HE ADDED THAT RATHER THAN DELAY NEGOTIATIONS UNTIL THE SITUATION WAS CLARIFIED, FOREIGN COMPANIES INTERESTED IN COOPERATING WITH YUGOSLAV FIRMS SHOULD ENTER INTO NEGOTIATIONS NOW, THEREBY ENCOURAGING SPEEDIER RESOLUTION OF THE ISSUE.

4. RE DRUGS ALREADY BEING SOLD ON THE MARKET PAVLOV SAID THAT WHEN THE RE-REGISTRATION COMES UP JANUARY 1, 1980 A SOLUTION WILL HAVE BEEN FOUND.

5. COMMENT: APART FROM EXPLAINING THE REASONS FOR ADOPTION OF THE LAW, PAVLOV DIVULGED INFORMATION RELUCTANTLY AND WITH GREAT CARE. HOWEVER, HE DID CONFIRM REPORTS THAT THE LAW WAS UNDER REVIEW, AND DID INDICATE THAT IN HIS OPINION A FAVORABLE SOLUTION TO THE PRESENT TRADEMARK IMPASSE WOULD BE FOUND. HIS NON-ANSWER RE DRUGS ALREADY ON THE MARKET WAS DISAPPOINTING. HOWEVER, IN VIEW OF RECENT CONCERNS EXPRESSED BY US DRUG MANUFACTURERS ON THIS POINT. HIS INSISTENCE THAT YUGOSLAV FIRMS ALSO FALL UNDER 27(5) SEEMED MORE TO HEAD OFF CHARGES OF DISCRIMINATION THAN TO ATTACH ANY REAL SIGNIFICANCE TO THIS FACT.

6. EMBASSY WOULD APPRECIATE REPORT ON MEETING SEPT 18

WITH DRUG MANUFACTURERS AT DEPARTMENT.
EAGLEBURGER

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